

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

MARK HAMILTON,	:	
	:	CIVIL ACTION
	:	
Plaintiff,	:	
	:	
v.	:	NO. 01-11
	:	
TRAVELERS PROPERTY & CASUALTY	:	
CORP.,	:	
	:	
Defendant.	:	
	:	

MEMORANDUM

ROBERT F. KELLY, J.

MAY 10, 2001

Plaintiff, Mark Hamilton ("Mr. Hamilton"), brings this action against the Defendant, Travelers Property & Casualty Corp. ("Travelers"), his former employer, alleging violations of Title VII of the Civil Rights Act of 1964, 42 U.S.C. section 2000, et seq., the Pennsylvania Human Relations Act, 43 P.S. section 951, et seq., and common law wrongful termination. Mr. Hamilton alleges that Travelers unlawfully terminated him on the basis of race and/or national origin, in breach of the terms of Travelers' employee handbook and in breach of Travelers' other written and verbal policies. Presently before this Court is Travelers' Motion to Compel Arbitration of Plaintiff's Claims and to Dismiss Plaintiff's Claims. For the reasons that follow, the Motions are granted.

I. BACKGROUND.

Mr. Hamilton was hired by AETNA Casualty Insurance

("AETNA") in February, 1989 as a claims adjuster. (Compl., ¶ 19.) He became a Travelers' employee in or around April, 1996, when Travelers purchased AETNA. (Id.) Subsequent to the purchase, Travelers promulgated an employee handbook entitled "Travelers Property Casualty Highlights Your Work Life: A Handbook for Employees" and distributed it to its employees. The handbook applies to all Travelers' employees and notifies each employee that "[a]rbitration is an essential element of your employment relationship and is a condition of your employment." See Handbook at 10, Def.'s Mot. Compel Arbitration, Fortier Aff., Ex. A. The Employment Arbitration Policy, set forth in Appendix B of the Handbook, provides for compulsory arbitration of all employment disputes with certain exceptions. Specifically, the Policy provides that arbitration is:

the required, and exclusive, forum for the resolution of all employment disputes based on legally protected rights (i.e., statutory, contractual or common law rights) that may arise between an employee or former employee and the Travelers Group or its affiliates, officers, directors, employees and agents (and which are not resolved by the internal dispute resolution procedure), including claims, demands or actions under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, . . . and any other federal, state or local statute, regulation or common law doctrine, regarding employment discrimination, conditions of employment or termination of employment.

Id. at 71. The only exceptions to this arbitration provision are claims regarding workers' compensation, unemployment compensation

benefits, or claims by Travelers regarding unpaid debts to Travelers or the unauthorized disclosure of Travelers' trade secrets or confidential information. Id. at 72.

In his Complaint, Mr. Hamilton alleged that Travelers terminated his employment in November, 1998, following a customer complaint about him. (Compl., ¶¶ 10-12.) Mr. Hamilton subsequently filed an Equal Employment Opportunity Commission ("EEOC") and Pennsylvania Human Relations Commission ("PHRC") complaint and received an EEOC right-to-sue letter on October 3, 2000. On January 2, 2001, Mr. Hamilton filed his Complaint in this action, alleging race and nationality discrimination under Title VII (Count I), race and national origin discrimination under the Pennsylvania Human Relations Act (Count II), and common law wrongful termination (Count III). Although Mr. Hamilton sought redress for his grievances through Travelers' internal grievance procedures, he did not seek mandatory arbitration of his claims.

II. STANDARD.

A motion to compel arbitration is viewed as a summary judgment motion if the parties contest the making of the agreement. Lepera v. ITT Corp., No. 97-1461, 1997 WL 535165, at *3 (E.D. Pa. Aug. 12, 1997)(citing Par-Knit Mills, Inc. v. Stockbridge Fabrics Co., Ltd., 636 F.2d 51, 54 (3d Cir. 1980)). In most cases, a party has a right to a jury trial on this issue.

Id. However, if there is no genuine issue of fact concerning the formation of the agreement, the court should decide whether the parties did or did not enter into the agreement. Id. "Further, the court should apply the summary judgment standard, giving the opposing party 'the benefit of all reasonable doubts and inferences that may arise.'" Id. (citations omitted). Moreover,

if a party to a binding arbitration agreement is sued in federal court on a claim that the plaintiff has agreed to arbitrate, it is entitled under the FAA to a stay of the court proceeding pending arbitration . . . and to an order compelling arbitration If all the claims involved in an action are arbitrable, a court may dismiss the action instead of staying it.

Seus v. John Nuveen & Co., Inc., 146 F.3d 175, 179 (3d Cir. 1998), cert. denied, 525 U.S. 1139 (1999)(citations omitted).

III. DISCUSSION.

While Mr. Hamilton states that he "does not necessarily agree that he is required to arbitrate this matter and is precluded from maintaining a direct action against Defendant in the District Court," he seeks a ruling by this Court to stay the matter in order to "maintain jurisdiction over this matter pending the award of the arbitration for purposes of enforcement of the award and to address any legal issues that may arise as to the arbitrators' interpretation of Title VII." (Pl.'s Resp. Mot. Dismiss at 7-8.) The only issue before this Court, therefore, is whether this matter must be stayed during arbitration.

As this Court noted in Wilson v. Darden Restaurants Inc., No. 99-5020, 2000 WL 150872, at *2 (E.D. Pa. Feb. 11, 2000), "federal law presumptively favors the enforcement of arbitration agreements." Id. (quoting Harris v. Green Tree Fin. Corp., 183 F.3d 173, 178 (3d Cir. 1999)). Further, the Federal Arbitration Act ("FAA") "directs courts towards vigorous enforcement of arbitration, requiring that an arbitration agreement 'shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract.'" Id. (citing Seus, 146 F.3d at 178 (quoting 9 U.S.C. § 2) and Wetzel v. Baldwin Hardware Corp., No. 98-3257, 1999 WL 54563, at *2 (E.D. Pa. Jan. 29, 1999)(citations omitted)). In addition, "'a federal court is authorized to compel arbitration if a party to an arbitration agreement institutes an action that involves an arbitrable issue and one party to the agreement has failed to enter arbitration.'" Id. (quoting Harris, 183 F.3d at 179).

In the instant case, an enforceable arbitration agreement exists between Mr. Hamilton and Travelers. Mr. Hamilton received a copy of the employee handbook. Such notice gave Mr. Hamilton knowledge of the implementation of Travelers arbitration policy and is sufficient to constitute an offer of continued employment subject to the terms of the handbook. Mr. Hamilton continued to work for Travelers until his discharge in

November, 1998. His continued employment for approximately two years after being made aware of the future implementation of the employee arbitration policy is sufficient to constitute both acceptance of the Company's offer as well as consideration for an enforceable arbitration agreement. Therefore, viewing the undisputed facts in the light most favorable to Mr. Hamilton, there was an offer of continued employment subject to the terms of the employee handbook, acceptance of the offer and consideration. As such, Mr. Hamilton is bound by the arbitration provision contained in Travelers' employee handbook.

With respect to enforceability of the arbitration provision, the FAA allows this Court to stay the instant proceedings and refer this case to arbitration.¹ The Supreme Court has recognized that "'by agreeing to arbitrate a statutory

¹The FAA provides, in pertinent part, that

[i]f any suit or proceeding be brought in any of the courts of the United States upon any issue referable to arbitration under an agreement in writing for such arbitration, the court in which such suit is pending, upon being satisfied that the issue involved in such suit or proceeding is referable to arbitration under such an agreement, shall on application of one of the parties stay the trial of the action until such arbitration has been had in accordance with the terms of the agreement, providing the applicant for the stay is not in default in proceeding with such arbitration.

claim, a party does not forgo the substantive rights afforded by the statute; it only submits to their resolution in an arbitral, rather than a judicial, forum.'" Mathers v. Sherwin Williams Co., Inc., No. 97-5138, 2000 WL 311030, at *7 (E.D. Pa. Mar. 27, 2000)(quoting Gilmer v. Interstate/Johnson Lane Corp., 500 U.S. 20, 26 (1991)). Consequently, "judicial review is available to insure that arbitral decisions are not in manifest disregard of federal laws such as Title VII." Id. (citing Seus, 146 F.3d at 187 and Kaplan v. First Options of Chicago, Inc., 19 F.3d 1503, 1520 (3d Cir. 1994)). Because an enforceable arbitration agreement exists, this Court will grant Travelers' Motion to Compel Arbitration.

Mr. Hamilton's Complaint contains a common law claim for wrongful termination and also claims pursuant to Title VII and the Pennsylvania Human Relations Act. Travelers' arbitration policy specifically includes "employment disputes . . . including claims, demands or actions under Title VII . . . and any other federal, state or local statute, regulation or common law doctrine, regarding employment discrimination, conditions of employment or termination of employment." See Handbook at 71. Thus, all of Mr. Hamilton's claims are arbitrable. As Travelers notes, however, because all of the issues in Mr. Hamilton's Complaint are arbitrable, no issue will remain before this Court after the case is referred to arbitration. Section 3 of the FAA

authorizes this Court, under these circumstances, to dismiss Mr. Hamilton's Complaint. See 9 U.S.C. § 3; Seus, 146 F.3d at 179; Wilson, 2000 WL 150872, at *4. Thus, Traveler's Motion to Dismiss is also granted.

An appropriate Order follows.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

MARK HAMILTON,

Plaintiff,

v.

TRAVELERS PROPERTY & CASUALTY
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CIVIL ACTION

NO. 01-11

ORDER

AND NOW, this 10th day of May, 2001, upon consideration of the Defendant's Motions to Compel Arbitration and to Dismiss the Plaintiff's Claims, and the Plaintiff's Response thereto, it is hereby ORDERED that the Motion to Compel Arbitration (Dkt. No. 3) and the Motion to Dismiss the Plaintiff's Claims (Dkt. No. 3) are GRANTED and Plaintiff's Complaint is DISMISSED.

BY THE COURT:

Robert F. Kelly,

J.